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ABSTRACT

The Early Childhood Development Unit, a government agency located in Aotearoa, New Zealand, promotes and encourages the development and provision of quality, accessible, and culturally appropriate early childhood services. The Unit operates in six activity or output arear. First, to increase access to early childhood education, in 1991-92 the unit operated 53 parent-support projects and supported 381 groups interested in establishing home or center-based early childhood services. Second, the Unit's Information Search and Delivery Services include maintaining a database of early childhood education services available by town, suburb, electorate, and district; answering inquiries about early childhood services; and promoting parenting and quality early childhood education. Third, the Unit provides advice and support for unlicensed playgroups and Pacific Island language groups via coordinator visits, equipment loans, and workshops. Fourth, the Unit provides advisory support and inservice training to childcare centers, kindergarten and playcenter associations, home-based operations, and other early childhood groups in such areas as program planning, observation skills, Maori values, and special needs children. Fifth, the Unit makes grants available to Pacific Island language groups and play centers, processes training claims, and provides payroll services. Finally, the unit provides advice to the Minister and Ministry of Education. This annual report includes statements of unit objectives, service performance, finances, and accounting policies for the year ending June 30, 1992. Detailed financial statements are attached. (AC)

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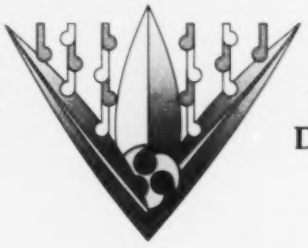

Early Childhood
Development Unit

ANNUAL REPORT

FOR

1 July 1991 - 30 June 1992

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Hei here te Matauranga"

"The Shoot of the Flax
Ties together the Knowledge"

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Annual Report
Early Childhood Development Unit Nga Kaitaunaki Kohungahunga
P O Box 9951, Te Aro, Wellington, New Zealand
ISSN 1170-4705
October 1992

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EARLY CHILDHOOD DEVELOPMENT UNIT
NGA KAITAUNAKI KOHUNGAHUNGA
ANNUAL REPORT
1 JULY 1991 - 30 JUNE 1992

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PREFACE

Tena koutou katoa
Nga mihi nui ki a koutou

The audited financial statement of the Early Childhood Development Unit for the period 1 July 1991 to 30 June 1992 is presented in this Report.

As the Statement of Objectives and Service Performance demonstrates these twelve months were a period of intense activity for the Unit, achieved at the same time as a period of development and continuing change in both the Unit itself and early childhood.

The fact that almost all performance measures were achieved or exceeded is indicative of the enthusiasm and commitment shown by staff.

As the only early childhood crown agency of Aotearoa, we are carying out our work proudly and ethically and taking a leading role in the promotion of the early years, parenting and early childhood education.

Pam Kennedy

Pam Kennedy
General Manager
Early Childhood Development Unit

30 October 1992

MANAGEMENT STATEMENT

This statement records my overall responsibility for the preparation of the financial statements and the management judgements which they represent.

These financial statements have been prepared in accordance with generally accepted accounting practice. The integrity and reliability of these financial statements is assured through the integrity of the financial management information system and by the internal control system operated within the Unit.

These financial statements fairly reflect the financial position and operation of the Early Childhood Development Unit for the 12 months ending 30 June 1992.

Pam Kennedy
General Manager

K M Baxter
Chairperson

Early Childhood Development Unit
Audit Report

REPORT OF THE AUDIT OFFICE

TO THE READERS OF THE STATEMENTS OF ACCOUNT OF

EARLY CHILDHOOD DEVELOPMENT UNIT FOR THE YEAR ENDED

30 JUNE 1992

The statements of account on pages 4 to 25 as required by section 41 of the Public Finance Act 1989, were prepared by the Early Childhood Development Unit's management, and are the responsibility of the Early Childhood Development Unit. The Audit Office's responsibilities include a requirement, pursuant to section 43 of the Public Finance Act 1989, to express an opinion on these statements based on the results of our audit.

We conducted our audit in accordance with generally accepted auditing standards, with the objective of obtaining reasonable assurance that the statements of account are free from significant errors or omissions. In our audit we reviewed the evidence to support the amounts and disclosures in all statements. We also assessed the accounting practices used.

In our opinion, the statements of account of Early Childhood Development Unit fairly reflect:

- The achievement as measured against the performance targets and other measures adopted for the year to 30 June 1992;
- The financial results of the operations and cash flows for the year to 30 June 1992; and
- The financial position as at 30 June 1992.

D C Cruickshank
for Controller and Auditor-General

30 October 1992

Wellington
New Zealand

Statement of Objectives

A Mission

The purpose of the Early Childhood Development Unit is :

> *To promote and encourage the development and provision of quality, accessible and culturally appropriate early childhood services.*

To achieve this the Unit operates in six activity or output areas within its Corporate Plan and its agreement with the Ministry of Education.

B Outcomes

It is intended that the work of the Early Childhood Development Unit will assist the achievement of the following outcomes:

- An increase in the accessibility of appropriate quality early childhood services
- An increase in the number of families having the opportunity to be involved in early childhood services
- The development of thinking, language and communication skills, together with social interaction
- Acknowledgment of the Treaty of Waitangi as the foundation of the nationhood of New Zealand
- An awareness of our heritage, languages and cultural background
- The encouragement of family and community participation in decision making so that more families and communities are involved in early childhood education

C Classes of Outputs for 1991/92

1. **Increasing Access to Early Childhood Education**
   Description
   The focus is families with young children not involved in any early childhood service and not receiving any early childhood funding.

2. **Information Search & Delivery Services**
   Description
   The storage and retrieval of material for search and delivery services to individuals, groups and agencies. This output incorporates the preparation and dissemination of information (including New Zealand and international research) that promotes the vital role of parents in the development of their children and the value of quality early childhood experiences and early childhood education.

3 **Advice and Support for Unlicensed Play-groups and Pacific Island Language Groups**
   Description
   Provision of information, workshops, advice and support to Pacific Island Language Groups, funded and unfunded playgroups.

4 Advisory Support/Inservice Training

Description

A co-ordinated national approach to increasing the quality of licensed early childhood programmes through a consultancy framework, and the provision of information and support for existing early childhood advisory support systems.

5 Payments and Grants

Description

Administration, allocation and disbursement of funding to internal management standards.

6 Advice to Minister and Ministry

Description

Provision of advice on the effect of early childhood policies to the Minister and Ministry of Education and 'sponsorship' of the Anau Ako Pasifika Project.

D	**Financial Performance**	**$000**
The above outputs were meant to be provided for within		8,573

Statement of Service Performance

Qualitative Performance

To ensure that performance standards are met the Unit has developed procedures and processes to monitor progress regularly by output for quality and relevance. These include: peer review of work in progress, managerial sign off, wide exposure of completed reports to colleagues and evaluation of client satisfaction. Follow up use of the Unit's services by individuals and groups has been another useful indication of the quality and relevance of the work to date.

OUTPUT 1 INCREASING ACCESS TO EARLY CHILDHOOD EDUCATION

Sub Outputs

1.1 Parent support Projects

Objective

To operate a minimum of 40 Parent Support Projects (with at least one project in each district) reaching at least 1400 families nationally by June 30 1992.

Service Performance

Te Roopu Maatua -Totoko (Parent Support Projects) were launched by the Unit in late August 1990, with the aim of reaching young families not involved in any early childhood services. The basic premise behind parent support is that parents are the key educators as well as carers of their children. Empowering the parents of young children can have enduring positive effects on the educational and social outcomes of their children.

Projects have four distinct phases: consultation, development, implementation and withdrawal, with planning and progress reporting at each phase included in guidelines for staff.

At June 30 1992, 1953 families had been worked with in an ongoing way in 53 projects throughout the country. Five districts had five or more projects, four districts had between three and five projects and two districts had one to two projects. In all districts Unit staff worked with other agencies such as Maori Health Nurses, Parentline, Parent's Centre, Plunket, schools, Community Houses, church groups, and various other community groups and organisations.

This compares to the situation at June 30 1991 when 38 projects had been established throughout the country, with 1138 families worked with in an ongoing way, (with the project not launched until August of 1990).

1.2 Establishing Services

Objective

During the 12 months, advise and support a minimum of 150 individuals, families, groups or employers who wish to establish home or centre-based early childhood services (such as childcare centres), with a minimum of 50 of those worked with reaching licensing standards by 30 June 1992.

To distribute nationally a minimum of 300 information booklets on Establishing an Early Childhood Service, with written requests responded to within 5 days.

Service Performance

A total of 381 groups were advised and supported during the twelve months. 114 of the groups worked with reached licensing standards by June 30 1992.

Childcare Centres	87
Kindergartens	1
Playcentres	2
Pacific Island Language Groups	1
Te Kohanga Reo	23
Total	**114**

A total of 851 information booklets 'Establishing an Early Childhood Service' were distributed nationally from the Unit District Offices. All written requests were responded to within 5 days.

(This compares to the situation at June 30 1991, when 510 booklets had been distributed.)

Cost of output 1	Actual	Budget
Cost	$1,609,143	$2,041,668
% of operating expenditure	22.02%	23.82%

OUTPUT 2 INFORMATION SEARCH AND DELIVERY SERVICES

Sub Outputs

2.1 Database of early childhood education services available in each office by town, suburb, electorate and district.

Objective

To provide weekly updates, with 95% accuracy (according to information received in District Offices) of the early childhood education services database.

Service Performance

District Office databases were updated daily as information was received. Lists were available within two working days of written requests, with a 99.7% accuracy rate.

2.2 Early Childhood Information Service

Objective

To provide appropriate relevant responses within four working days to enquiries from individuals, centres, early childhood organisations and other agencies.

Service Performance

In eleven out of twelve offices 6,636 requests for information were logged and 99.45% of these requests were actioned appropriately and relevantly within four working days.

2.3 Promotion of parenting and quality early childhood education

Objective

To distribute nationally 10,000 pamphlets on the home as a learning environment and choices of early childhood services by June 30, 1992 .

A campaign promoting the value of the parenting role developed by 30 June 1992 through the Unit's national Office.

Service Performance

A series of 12 pamphlets for parents were distributed to the eleven local ECDU District Offices during the 1991/92 financial year. Each district received a portion of the total in relation to the local area.

The first 4 pamphlets: *Sharing Discoveries, Home the First Learning Place, Little Helpers,* and *Setting Limits* were distributed in July 1991.

The remaining 8 pamphlets: *Active Explorers, Children's Needs, Developmental Needs, Managing Children, Children's Play, Helping Development, Talking to Babies* and *Talking to Toddlers* were distributed in June 1992.

Pamphlets were distributed to parents in local communities and to contacts for parents in local communities such as community centres, plunket clinics, medical clinics, hospitals, and early childhood education organisations. National Office distributed copies of each pamphlet to 250 national education and community organisations, government departments and media.

Distribution of Pamphlets

Total Pamphlets Received	Supplies Left in Offices	Distributed Pamphlets
313,018	**216,090**	**96,928**

(This compares to the situation at 30 June 1990, when twenty thousand pamphlets of four titles were produced for distribution.)

5,000 copies of the booklet *Choices in Early Childhood Education - Te Manaaki Ara Rau I Nga Kohungahunga* were distributed to local ECDU offices in May 1992. Each office received approximately 450 copies to distribute to local parents, community centres, schools, medical clinics, doctors surgeries, citizens advice bureaus, and employment service agencies. The distribution focus was on places to contact parents who are not involved in early childhood centres. National Office distributed copies of the booklet to 250 national education and community organisations, government departments and media.

By June 1992, a Parenting Campaign for a two week period in November 1992 was researched, proposed and approved by the ECDU Board.

It was agreed that the intention of the campaign is to raise awareness about the value of parenting for those people who are not involved in early childhood services and for the general public.

The elements of the plan include a national advertising campaign; television promotion; radio competitions in three main centres; national public relations activities in national, regional and local monthly, weekly and daily publications; a national launch with high profile guests; a national conference with an overseas guest speaker; three regional launches; three regional seminars (with overseas guest as speaker); local activities in each ECDU office area; production of a bibliography of parent support research available in New Zealand and production of a parent support services directory.

Cost of Output 2	**Actual**	**Budget**
Cost	$622,510	$988,228
% of operating expenditure	8.25%	11.53%

OUTPUT 3 ADVICE AND SUPPORT FOR UNLICENSED PLAYGROUPS AND PACIFIC ISLAND LANGUAGE GROUPS

Sub Outputs

3.1 Pacific Island language Groups

Objective

To work nationally with a minimum of 140 Pacific Island Language Groups at least three times each year

Service Performance

At June 30 1992, ECDU staff had worked with 205 Pacific Island Language Groups throughout the eleven districts at least three times during the year. Groups have been supported by equipment loans, co-ordinator visits and workshops.

(This compares to the situation at June 30 1991, when 166 Pacific Island Language Groups had been worked with.)

3.2 Playgroups

Objective

To work nationally with a minimum of :

- **230 funded playgroups, at least three times each year**
- **150 unfunded playgroups, at least three times each year**

Service Performance
At June 30 1992, ECDU staff had worked with 268 funded playgroups and 154 un-funded playgroups throughout the eleven districts at least three times during the year. Groups have been supported by co-ordinator visits, equipment loans and workshops.

(This compares to the situation at 30 June 1990, when 315 funded playgroups had been worked with at least three times during the year. Reporting on unfunded playgroups was not required for the 1990/1991 Annual Report.)

3.3 Loan of Equipment

Objective
To loan equipment and resource kits to a minimum of 600 groups nationally by 30 June 1992, with a surveyed satisfaction level of 95%

Service Performance
Equipment and materials were loaned to 921 groups throughout the eleven districts during the year.

Evaluation forms sent out to groups which had received ECDU support; the forms asked for comment on the usefulness and quality of the loan equipment.

Of the groups which responded, 99.9% commented that the quality was of a very good to excellent quality. One negative response was received.

The equipment pools in each district have been upgraded, with particular emphasis on increasing books and materials in Maori and Pacific Island languages and materials for children under two years of age.

	91/92 expected $	**91/92 actual** (90/91) $	**% spent** (90/91)
• Under 2's	6,000	1,554 (4,570)	26 (41.5)
• Maori	9,000	7,247 (18,660)	81 (84.8)
• Pacific Island	6,000	3,797 (6,070)	63 (55.2)

Total district expenditure on playgroup general equipment purchase was $9,754.

Cost of Output 3	**Actual**	**Budget**
Cost	$1,473,537	$1,472,309
% of Total Operating expenditure	20.16%	17.17%

OUTPUT 4 ADVISORY SUPPORT/INSERVICE TRAINING

Sub Outputs

Objective

To work within negotiated, evaluated agreements within specified timeframes with :

4.1 600 Childcare Centres

4.2 70 Kindergarten and Playcentre Associations, and individual playcentres and kindergartens as appropriate

4.3 39 Home based schemes

4.4 30 other early childhood groups

To develop and advertise nationally, the availability of integrated advice, support and in-service training in the following areas :

- **Planning and evaluating quality programmes**
- **Observation skills**
- **Development of children's language and thinking skills**
- **Maori values, language and practices**
- **Catering for under 2's**
- **Management skills**
- **Working with parents**
- **Special needs children**

A minimum of 300 quality, in-service training courses or seminars to be completed by 30 June 1992, with a 95% surveyed satisfaction level.

To establish a National Advisory Committee of early childhood organisations to discuss self-evaluation and accreditation of quality programmes with national organisations. By June 30 1992, three meetings with invitations to all national early childhood organisations will have been held.

Service Performance

An overall total of 1067 agreements were negotiated and delivered to the various early childhood services. All agreements were evaluated on completion of the contract.

Evaluated Agreements	No. of Agreements	Centres worked with
• Childcare Centres	689	477
• Kindergarten and Playcentre Associations and individual playcentres and kindergartens	228	361
• Home based schemes	18	35
• Other Groups	85	68
• Other Associations	47	147
Total	**1067**	**1088**

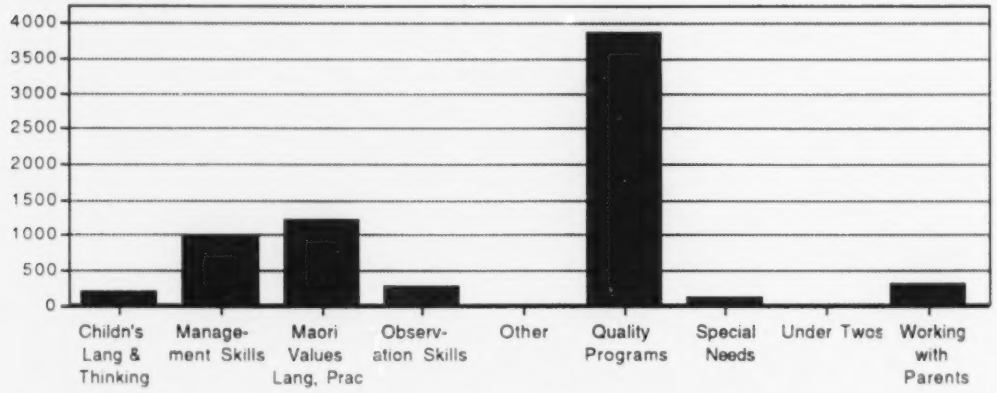
Early Childhood Development Unit in-service courses were attended by 7,046 staff, parents or managers. A total of 402 courses were held throughout the eleven districts.

The area of greatest interest was 'Quality Programmes' which attracted 225 courses. The next most popular area was 'Management Skills', which attracted 70 courses.

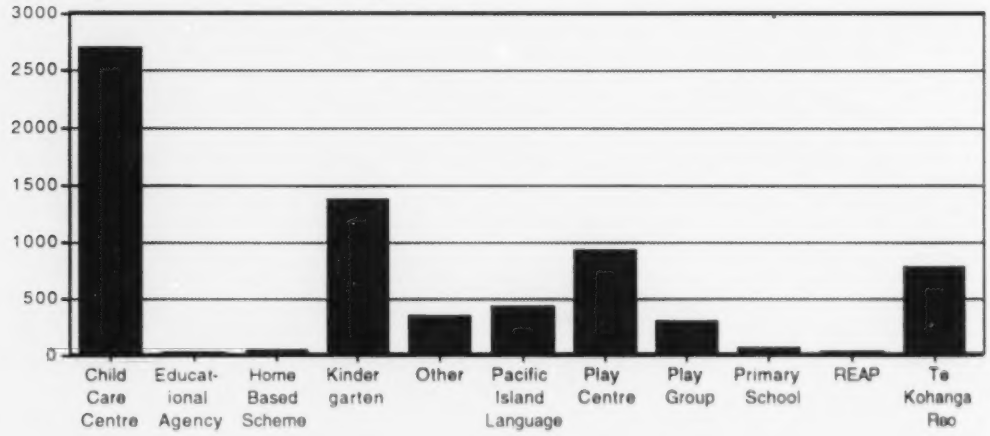
Course Totals

• Working with parents	18
• Management skills	70
• Maori values, language and practices	58
• Developing children's language	12
• Quality programmes	225
• Special needs children	6
• Catering for under twos	0
• Observation skills	13
Total	**402**

Training courses – Attendance by content



Training courses – Attendance by service



Evaluation forms were collected at all ECDU in-service courses, across all the districts. From a sample of 4,842 evaluation forms analysed, the following information was obtained:

98% of course evaluations were positive (very useful or moderately useful)

0.5% of course evaluations were negative (not useful)

82 forms did not provide useful information.

(This compares to the situation at 30 June 1991, when 7,900 evaluation forms were collected across all districts and analysed to produce the following information: 94% of evaluations were positive, 4% of evaluations were negative.)

Meetings with early childhood organisations were held on 1 August and 13 August 1991, and 13 March 1992. Another meeting planned for 2 October 1991 was cancelled. Topics discussed included advisory support, science education and equal employment opportunities. It was decided at the March meeting that contestable purchase of advisory support meant that formation of an advisory committee needed to be delayed. On 11 March 1992, a group of outside people met to form a quality assurance group on ECDU printed material. Again contestability meant this process had to be curtailed.

Cost of Output 4	**Actual**	**Budget**
Cost	$2,885,122	$3,007,322
% of operating expenditure	39.48%	35.08%

OUTPUT 5 PAYMENTS AND GRANTS

Sub Outputs

5.1 Pacific Island Language Group Grants

Objective

To make grants to a minimum of 140 groups nationally, with grant payments made three times a year. Payments to be made within three weeks of application closing dates, with 96% accuracy.

Service Performance

	July 91	**October 91**	**February 92**
No of groups	162	162	165
	July 90	**October 90**	**February 91**
No of groups	133	143	157

Grant review forms are sent out to groups annually to monitor the manner in which grant funding is used. These forms were checked in districts by co-ordinators and Managers and then forwarded to National Office for overview.

The turnaround of payments to groups from the closing date of applications was 15 working days.

5.2 Playgroup Grants

Objective

To make grants to a minimum of 230 groups nationally, with grant payments to be made three times a year. Payments to be made within three weeks of application closing dates, with 96% accuracy.

Service Performance

	July 91	**October 91**	**February 92**
No of groups	272	302	324
	July 90	**October 90**	**February 91**
No of groups	238	235	266

As with the Pacific Island Language Group grants, grant review forms are sent out to groups annually to monitor the manner in which grant funding is used. The forms are checked in the districts by the co-ordinators and District Managers and then forwarded to National Office for overview.

The turnaround of payments to groups from the closing date of applications was 15 working days with 99% accuracy rate.

5.3 Integrated Advisory Support and In-service Training Claims.

Objective

To process all claims in districts and forward them to National Office for payment. 90% of claims to be paid within four weeks of being received in District Offices, with 90% accuracy.

Service Performance

For the period from 1 July 1991 to 30 June 1992, 95% of claims were paid within four weeks of receiving them in District Offices.

The total number of claims were processed as follows:

Type of Claim	*Amount* $	*No of claims*
Reliever Salaries	126,635	1573
Kindergarten reliever salaries	144,253	1250
Travel	68,282	1575
Childcare	16,030	522
Total	**355,200**	**4920**
1990/91 Total	644,562	10356

5.4 Parent Support Project Workers Payroll

Objective

To provide payroll services for approximately 12 people employed on a short term basis for Parent Support Project work.

Workers to be paid fortnightly with 96% accuracy.

Service Performance

Payroll services were provided for 13 Parent Support staff at a direct salary cost of $108,814. Workers were paid fortnightly with 99% accuracy.

5.5 REAP Early Childhood Community Workers payroll

Objective

To provide payroll services for 16.76 full time equivalent REAP Early Childhood Community Worker positions until December 1991. All staff to be paid on due date with 96 % accuracy.

Service Performance

Payroll Services were provided for 16.42 fulltime equivalent REAP Early Childhood Community Worker positions until December 1991, at a direct salary cost of $202,695, with 100% accuracy.

Cost of Output 5	**Actual**	**Budget**
Cost	$415,110	$684,736
% of operating expenditure	5.68%	7.99%

OUTPUT 6 ADVICE TO MINISTER AND MINISTRY

Sub Outputs

6.1 Advice to Minister

Objective

To provide prompt, accurate and quality advice to the Minister

Service Performance

Fourteen requests for information for the Minister of Education were answered accurately and promptly, within the time-frame.

(This compares to June 30 1991, when 24 requests for information for the Minister or Associate Minister of Education were responded to.)

6. 2 Advice to Ministry

Objective

To provide quarterly national reports and advice and feedback on early childhood policies.

Pacific Island Language Group and Playgroup statistics to be provided within the required timeframe.

Service Performance

There was only one quarterly report and meeting with the Ministry of Education; this being in February 1992. However, over the past twelve months up to June 30 1992, ECDU staff have spent 2,000 hours on providing advice to the Ministry of Education. This included providing advice on the Early Childhood Funding Review and follow up matters, property matters, accountability of early childhood services, accountability of Educational Crown Agencies, pre-school classes, specific Childcare Centre matters, enrolment and attendance registers, general early childhood and education issues, mobile pre-school units, the School Transport Review, the Learning Media Review, the Targetted Early Childhood Funding Review, Kindergarten Bulk Funding, Early Childhood Regulations, Discretionary Grants, Home-Based early child-hood education, early childhood hospital groups, Pacific Island education issues, Maori education papers and issues, Equal Employment Opportunities and Early Childhood Training and Qualifications.

ECDU staff were also part of committees on early childhood funding, targetted early childhood funding, kindergarten bulk funding, and accountability of Crown Agencies.

Pacific Island Language Group and Playgroup statistics were provided within the required timeframes.

Cost of Output 6	Actual	Budget
Cost	$303,230	$378,737
% of Total operating expenditure	4.14%	$4.41%

Other Activities

6.3 Anau Ako Pasifika

Objective

To provide management support for the interim phase of the project and support of a possible second project with the Bernard Van Leer Foundation.

To provide payroll services for Ano Ako Pasifika Project staff as required. All staff to be paid on the due date with 96% accuracy.

Service Performance

The Bernard van Leer Foundation is an international, philanthropic and professional institution based in the Netherlands. The Foundation concentrates on the development of low-cost, community-based initiatives in early childhood care and education for socially and culturally disadvantaged children.

The Early Childhood Development Unit is responsible for administrative support of the Anau Ako Pasifika project. It is also involved in liaison between the Bernard van Leer Foundation and the Project. A major focus of the Project is home visits. Other work includes school visits and working with new families introduced to the programme. A valuable working relationship and network has developed between the Anau Ako Pasifika field staff and Early Childhood Development Unit coordinators, sharing resources and expertise in support of Pacific Island early childhood education.

During the year an eighteen month extension for continued financial and technical support of the Anau Ako Pasifika Project was negotiated with the Bernard van Leer Foundation. Payroll services were provided for 7 staff as requested by Ano Ako Pasifika at a direct salary cost of $171,833 with 100% accuracy.

Early Childhood Development Unit
Operating Statement
for the Year ended 30 June 1992

	Note	30 June 1992 $000	30 June 1991 $000
REVENUE			
Operational Funding		6,293	8,620
Other Grants		-	215
Interest		253	424
Other		177	150
		6,723	9,409
EXPENSES			
Audit Fees		28	27
Board Fees		13	20
Communications		394	377
Depreciation		255	268
Direct Human Resources		4,520	5,020
External Fees		237	503
Network		97	291
General Administration		221	224
Human Resources Related		364	449
Materials		84	167
Occupancy		647	650
Travel & Accommodation		449	599
		7,309	8,595
NET OPERATING INCOME/(LOSS)		(586)	814
Restructuring Costs	1	(1,182)	-
NET INCOME/(LOSS)		(1,768)	814

The attached notes and statement of accounting policies form part of the financial statements.

Early Childhood Development Unit
Statement of Financial Position
as at 30 June 1992

	Note	30 June 1992 $000	30 June 1991 $000
ACCUMULATED FUNDS	2	2,059	3,142
CURRENT LIABILITIES			
Accruals & Payables	3	1,309	1,431
Provision for Restructuring	4	897	-
Income in Advance		-	5
Provision for Repayment of Surplus Grants	5	738	1,553
Grants in Advance		601	524
Grants Payable		198	494
Anau Ako Pasifika	6	113	-
Goods and Services Tax		39	48
		3,895	4,055
		5,954	7,197
CURRENT ASSETS			
Bank - Operating Accounts		1,139	290
Bank - Grant Funding Accounts		1,452	1,484
Bank - Anau Ako Pasifika Account		135	150
Money Market Deposits	7	2,000	4,000
Other Receivables		21	19
Grant Funds Receivable		7	-
Resident Withholding Tax Refundable		9	9
		4,763	5,952
FIXED ASSETS	8	1,191	1,245
		5,954	7,197

The attached notes and statement of accounting policies form part of the financial statements.

Early Childhood Development Unit
Statement of Cash Flows
for the Year ended 30 June 1992

	Note	30 June 1992 $000	30 June 1991 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Operational Funding		6,538	8,989
Interest - Operational Funds		253	417
Cash was applied to:			
Payments to Employees		(4,400)	(4,873)
Other Operating Costs		(2,698)	(3,871)
Net GST Paid		(79)	320
Restructuring Funds Paid		(287)	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	9	(673)	982
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Sale of Fixed Assets		22	48
Cash was applied to:			
Purchase of Fixed Assets		(244)	(533)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(222)	(485)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
Restructuring Funds Received		1,182	-
Cash was applied to:			
Surplus Repaid To Ministry of Education		(438)	-
Hire Purchase Repayments		-	(49)
NET CASH FLOWS FROM FINANCING ACTIVITIES		744	(49)
NET INCREASE/(DECREASE) IN CASH HELD		(151)	448
Add Opening Cash Brought Forward		3,290	2,842
ENDING CASH CARRIED FORWARD		3,139	3,290
REPRESENTED BY:			
Bank Operating Accounts		1,139	290
Money Market Deposits		2,000	3,000
		3,139	3,290

The attached notes and statement of accounting policies form part of the financial statements.

Early Childhood Development Unit
Statement of Contingent Liabilities
as at 30 June 1992

The Early Childhood Development Unit had no contingent liabilities as at 30 June 1992 (Nil as at 30 June 1991).

The attached notes and statement of accounting policies form part of the financial statements.

Early Childhood Development Unit
Statement of Commitments
as at 30 June 1992

Non cancellable operating leases	**30 June 1992 $000**	**30 June 1991 $000**
Due		
Not later than one year	410	350
Later than one year and not later than two years	244	291
Later than two years and not later than five years	537	624
Later than five years	606	520
	1,797	1,785
Parenting Campaign		
The Early Childhood Development Unit is committed to expenditure on this campaign during the 1992/93 year	496	-
TOTAL COMMITMENTS	2,293	1,785

The attached notes and statement of accounting policies form part of the financial statements.

Early Childhood Development Unit
Statement of Accounting Policies
for the Year ended 30 June 1992

General accounting policy

i) The general accounting principles as recommended by the New Zealand Society of Accountants for the measurement and reporting of revenue and expenses on an historical cost basis have been followed by the Unit.

ii) The financial statements have been prepared on the basis that the Unit is a going concern.

iii) Accrual accounting is used to match revenue and expenses.

Particular accounting policies

The following are the particular accounting policies which have a material effect on the measurement of results and financial position:

Fixed assets and depreciation

The minimum capitalisation value of individual assets is $500.

Depreciation has been provided for using the "diminishing value" method at the following rates:

Motor vehicles	20% per annum
Office Furniture & Equipment	20% per annum
Computer equipment	20% per annum
Leasehold Improvements	20% per annum

Assets purchased during the year, have been depreciated from the month in which they were purchased.

Goods and services tax

These accounts have been prepared on a GST exclusive accounting basis.

Taxation

The Unit is exempt from taxation as defined under the third schedule of the Education Act 1989.

Consumable supplies and publications

All consumable supplies and resources are expensed as purchased. The cost of publications and resources developed by the Unit are written off in the period in which the costs are incurred. The Unit does not recognise inventories of consumable supplies, publications or resources.

Grant and Anau Ako Pasifika funds

Grant and Anau Ako Pasifika funds are regarded as being held on trust by the Unit until such time as commitments are made to the eventual recipients of the funds. Each type of fund is separately accounted for and disclosed in the notes to the Statements of Account. Revenue earned and expenditure incurred are charged direct to each fund. Any surpluses arising from the funds are recognised as liabilities.

Accumulated Funds

Net losses arising from operational activities are offset against Accumulated Funds. Net income arising from operational activities is retained by the Unit and added to Accumulated Funds.

Annual Leave Liability

Provision has been made for the annual leave liability as at balance date. Any movement in the level of this provision is reflected in the Operating Statement.

Output Costs
Direct output related costs are charged to specific outputs, while other costs are spread across outputs on a proportion of services used.

Payables and Accruals and Other Short Term Liabilities
Provision is made for all known and identifiable liabilities existing at balance date.

Commitments and Contingencies
Disclosure of all quantifiable commitments and contingencies existing at balance date has been made.

Changes in Accounting Policy

Provision for repayment of operational surplus
Repayment of operational surplus for 1990/91 was accounted for on a cash basis. The provision for repayment of the surplus for 1990/91 has now been recognised on a basis consistent with accrual accounting. The effect of the change in accounting policy is that the surplus for 1990/91 of $438,000 has been offset against opening Accumulated Funds.

Anau Ako Pasifika Funds
Anau Ako Pasifika funds were previously accounted for as operating revenue and expenditure of the Unit. As the Unit has now become the legal Grantholder for Anau Ako Pasifika, these funds are now accounted for on a basis consistent with the treatment of Grant Funds. The effect of the change in accounting policy is that Anau Ako Pasifika revenue and expenditure is no longer reported in the Unit's Operating Statement but is disclosed in a Note to the Accounts.

With these exceptions there have been no changes in the above accounting policies which have been applied on bases consistent with those used in previous years.

Early Childhood Development Unit
Notes to the Financial Statements
for the Year ended 30 June 1992

1 *RESTRUCTURING COSTS*

A decision to restructure the operations of the Early Childhood Development Unit has resulted in expenditure of $1,182,000 being recognised for the year ended 30 June 1992 (30 June 1991, nil). Included in the main cost of restructuring is redundancy.

2 *ACCUMULATED FUNDS*

	30 June 1992 $000	30 June 1991 $000
Retained Surplus Carried Forward	3,142	1,989
Reserves 30 June	-	339
Repayment to the Ministry of Education 1990/91 Surplus	(438)	-
Anau Ako Pasifika Prior Period Adjustment	(59)	-
Opening Balance Restated	2,645	2,328
Capital Injection Received for Restructuring	1,182	-
Surplus/(Loss) for the Period	(1,768)	814
Closing Balance 30 June	2,059	3,142

During the period the Early Childhood Development Unit received a capital injection of $1,182,000 from the Ministry of Education to finance the costs of a restructuring of the Early Childhood Development Unit's Operations.

3 *ACCRUALS & PAYMENTS*

	30 June 1992 $000	30 June 1991 $000
Accounts Payable	154	442
Overpaid Funding	717	717
Provision for Annual Leave	142	132
Other Liabilities and Provisions	296	140
	1,309	1,431

4 *PROVISION FOR RESTRUCTURING*

The provision for Restructuring of $897,000 represents that portion of the Capital injection, received for the purpose of restructuring ECDU's operations outstanding at 30 June 1992 (30 June 1991, nil).

5 GRANT FUNDS

	30 June 1992 $000	30 June 1991 $000
PACIFIC ISLAND LANGUAGE GROUPS		
Opening Balance	189	361
Surplus Transferred to Funded Playgroups	(189)	-
Opening Balance Restated	-	361
Grant Revenue	1,198	898
Interest Earned	18	28
Grant Expenditure	(1,181)	(1,098)
Provision to Repay Surplus	35	189
FUNDED PLAYGROUPS		
Opening Balance	57	126
Surplus Transferred from other Grant Funds	243	-
Opening Balance Restated	300	126
Grant Revenue	925	675
Interest Earned	7	18
Grant Expenditure	(946)	(762)
Provision to Repay Surplus	286	57
UNLICENSED PLAYCENTRES		
Opening Balance	-	-
Grant Revenue	62	-
Interest Earned	-	-
Grant Expenditure	(59)	-
Provision to Repay Surplus	3	-
INSERVICE TRAINING		
Opening Balance	1,307	1,043
Surplus Repaid to Ministry	(1,253)	-
Surplus Transferred to Funded Playgroups	(54)	-
Opening Balance Restated	-	1,043
Grant Revenue	673	776
Interest Earned	97	134
Grant Expenditure	(356)	(646)
Provision to Repay Surplus	414	1,307
PROVISION FOR REPAYMENT OF SURPLUS GRANTS	738	1,553

6 *ANAU AKO PASIFIKA*

	30 June 1992 $000	30 June 1991 $000
Surplus Funds held by the Unit as at 30 June 1991	59	-
Opening Balance	59	-
Revenue:		
Public Trustee	66	-
Bernard van Leer Foundation	166	-
Interest Earned	8	-
	240	-
Expenditure:		
Personnel	(172)	-
Administration	(2)	-
Travel & Transport	(9)	-
Housing & Equipment	(3)	-
	(186)	-
Closing balance	113	-

In prior years income and expenditure in the Anau Ako Pasifika account has been included as operating revenue and expenses for the Unit. This year it was considered more appropriate to disclose this separately. A prior period adjustment was required to remove the Anau Ako Pasifika surplus at 30 June 1991 from the retained surplus carried forward for the Unit.

7 *MONEY MARKET DEPOSITS*

	30 June 1992 $000	30 June 1991 $000
Operational Fund Account	2,000	3,000
Grant Funds Account	-	1,000
	2,000	4,000

8 *FIXED ASSETS*

	Cost $000	Accum Depr. $000	Net Book Value Jun '92 $000	Net Book Value Jun '91 $000
Motor Vehicles	422	139	283	276
Office Furniture & Equipment	498	182	316	387
Computers	839	253	586	575
Leasehold Improvements	8	2	6	7
	1,767	576	1,191	1,245

9

a) *RECONCILIATION WITH REPORTED OPERATING SURPLUS (INDIRECT METHOD)*

	30 June 1992 $000	30 June 1991 $000
NET OPERATING INCOME/(LOSS)	(1,768)	814
ADD NON-CASH ITEMS		
Depreciation	255	268
MOVEMENTS IN OTHER WORKING CAPITAL ITEMS:		
Increase in Accrued Income & Prepayments	71	14
Decrease in Accruals & Payables	(135)	(398)
Decrease in Income in Advance	(5)	5
Increase in Provision for Restructuring	897	-
Increase in GST	(9)	272
	819	(107)
LESS ITEM CLASSIFIED AS INVESTING ACTIVITY:		
Net Loss on Sale of Fixed Assets	21	7
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES (GST INCLUSIVE)	(673)	982

b) Investing activities comprise the purchase and disposal of non-current assets used in the operations of the Unit.

c) Financing activities comprise the funds received for restructuring and the surplus for 1990/91 repaid to the Ministry of Education.

10 RELATED PARTY

The Unit is a government entity wholly owned by the Crown. A contract with the Ministry of Education comprises 97.3% of funding for year end 30 June 1992. For the year ended 30 June 1991 the contract comprised 97.6% of funding. All other transactions with the government entities are at arm's length and in the normal course of business.